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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 3, 1998

COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE980812

Ex Parte: In the matter of
establishing interim rules
for retail access pilot programs

ORDER ESTABLISHING PROCEDURAL SCHEDULE

On March 20, 1998, the State Corporation Commission ("Commission") entered an Order Establishing Investigation in Case No. PUE980138, requiring various parties to perform activities and provide information to assist the Commission in moving forward in the evolving world of electric utility restructuring. Among other things, this Order required Virginia Electric and Power Company ("Virginia Power") and American Electric Power-Virginia ("AEP-VA") to begin work toward implementing retail access pilot programs and studies designed to address, at a minimum, the issues and concerns raised on pages 14 through 15 of the Staff's "Draft Working Model for Restructuring the Electric Utility Industry in Virginia," dated November 7, 1997. The Order mandated that Virginia Power and AEP-VA hold workshops with interested stakeholders to solicit

input regarding the proper structure and characteristics of such pilot programs and to file the details, objectives and characteristics of such proposed pilot programs on or before August 1, 1998. The Order noted that any necessary public hearings would be scheduled after this date to consider such proposals.

At the request of Virginia Power and AEP-VA, the time for filing the details, objectives and characteristics of the proposed pilot programs was extended to November 2, 1998, and Virginia Power and AEP-VA filed reports of their proposed pilot programs ("Proposals") accordingly. The Proposals discuss, among other things, the pilot programs' objectives, customer participation parameters, pricing structures, geographical scope, consumer and supplier education issues, supplier participation guidelines, metering and billing issues, pilot program cost recovery, and utility tariffs, terms and conditions.

In its Proposal, Virginia Power also stated that the General Assembly must address several public policy issues prior to implementation of its retail access pilot program. AEP-VA, in its Proposal, requested the Commission to authorize AEP-VA to recover pilot program costs through rates over the two-year period immediately following the end of the pilot program, and further suggested that the Commission provide for a series of

technical conferences to be held to address pilot program technical and implementation issues and to propose standardized pilot program terminology and supplier certification procedures.

Additionally, on May 9, 1997, Columbia Gas of Virginia, Inc. ("CGV") filed in Case No. PUE970455 an application for a general increase in rates, for approval of a performance-based rate regulation methodology, and for approval of the Commonwealth Choice Program, a retail natural gas unbundling pilot program. In its September 30, 1997, Order approving the Commonwealth Choice Program, the Commission required a task force to be set up to develop a proposed generic code of conduct for retail gas unbundling programs and for the task force to file a report by November 1, 1998. On October 29, 1998, the Staff of the Commission filed a Motion for Relief, noting that there would be a similar need for a code of conduct to govern retail access pilot programs for electric utilities and that there would be advantages in developing these codes of conduct concurrently.

Upon consideration whereof, the Commission is of the opinion and finds that it should establish a proceeding to adopt interim rules to govern issues common to both the natural gas and electricity restructuring retail access pilot programs, specifically, certification, codes of conduct, and standards of conduct governing relationships among entities participating in

such programs.¹ Commission Staff will select and lead a Task Force to consider these issues and propose interim rules. The Task Force is to issue its report and recommended rules by March 9, 1999. The proposed interim rules shall be published promptly in the Virginia Register of Regulations. We direct the Staff to include on the Task Force as broad a cross-representation of interested market participants as practicable. A Hearing Examiner will conduct an evidentiary proceeding where interested parties and members of the public will have an opportunity to comment on the proposed rules. The Commission recognizes the need for timely resolution of these issues and anticipates that the Hearing Examiner's Report and Recommendation will be filed on or about June 11, 1999. After considering this Report and any comments or exceptions thereto, the Commission will adopt a set of interim rules to guide the utilities' retail access pilot programs. Accordingly,

IT IS ORDERED THAT:

- (1) This case be docketed and assigned Case No. PUE980812.
- (2) As provided by § 12.1-31 of the Code of Virginia and Rule 7:1 of the Commission's Rules of Practice and Procedure ("the Rules"), 5 VAC 10-520, a Hearing Examiner be assigned to conduct further proceedings on behalf of the Commission.

¹ By separate orders entered today in Case Nos. PUE980813 and PUE980814, the Commission is considering all other issues relating to the electricity retail access pilot programs proposed by Virginia Power and AEP-VA, respectively.

(3) A public hearing on the above named issues be held at 10:00 a.m. on April 19, 1999, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

(4) On or before December 28, 1998, any person desiring to participate as a member of the Task Force to consider and propose interim rules relating to utility supplier, provider, and affiliate codes of conduct and certification issues shall send notification of that person's interest and the reasons therefore to the Task Force Coordinator, c/o Division of Economics and Finance, Virginia State Corporation Commission, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219. Selected Task Force participants will be individually notified of further proceedings.

(5) On or before January 15, 1999, all interested persons desiring to participate further in these proceedings, including any utility companies sponsoring pilot programs, shall file a notice of participation with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. The notice of participation shall include a statement setting forth the filer's interest in these proceedings. All persons filing a notice of participation will be considered interested parties to this proceeding and will be placed on the service list.

(6) On or before March 9, 1999, the Task Force shall file with the Clerk of the Commission an original and fifteen (15) copies of its Report and shall serve one (1) copy of the Final Report and proposed interim rules on all parties and Commission Staff. The Task Force also shall publish the proposed interim rules in the Virginia Register of Regulations.

(7) On or before April 9, 1999, each interested party shall file with the Clerk an original and fifteen (15) copies of its comments discussing its support for or opposition to the Task Force Report and proposed rules, as well as any other comments pertinent to these proceedings, and an original and fifteen (15) copies of the testimony and exhibits it intends to offer in support of its comments, and shall serve one (1) copy of the comments, testimony, and exhibits on all parties and Commission Staff.

(8) The Commission Staff shall investigate these issues and, on or before April 9, 1999, shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits that it intends to offer and shall serve one (1) copy on all parties.

(9) On or before December 15, 1998, the Commission shall publish the following notice as classified advertising in newspapers of general circulation throughout the Commonwealth of Virginia.

NOTICE TO THE PUBLIC OF A PROCEEDING TO SET
INTERIM RULES RELATING TO UTILITY SUPPLIER,
PROVIDER, AND AFFILIATE CODES OF CONDUCT AND
CERTIFICATION PROCEDURES FOR NATURAL GAS AND
ELECTRICITY RETAIL ACCESS PILOT PROGRAMS,
CASE NO. PUE980812

On November 2, 1998, Virginia Electric and Power Company, Inc. ("Virginia Power") and American Electric Power - Virginia ("AEP-VA") each filed with the State Corporation Commission ("Commission") proposals containing the details, objectives and characteristics of their suggested electricity retail access pilot programs ("Proposals"). Additionally, on September 30, 1997, the Commission approved the application of Columbia Gas of Virginia, Inc. ("CGV") to offer its Commonwealth Choice natural gas retail access pilot program.

Accordingly, the Commission is establishing a proceeding to adopt interim rules relating to utility supplier, provider, and affiliate codes of conduct and certification issues for natural gas and electricity retail access pilot programs. Any person desiring to participate on the Task Force shall, on or before December 28, 1998, send notification of his or her interest and the reasons therefore to the Task Force Coordinator, c/o Division of Economics and Finance, Virginia State Corporation Commission, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219. Selected Task Force participants will be individually notified of further proceedings.

The Commission has scheduled a public hearing on April 19, 1999, before a Hearing Examiner in the Commission's second floor courtroom, located in the Tyler Building, 1300 East Main Street, Richmond, Virginia, to hear evidence relevant to the above mentioned interim rules. The interim rules

are expected to be published in the Task Force Report on or about March 9, 1999. A copy of the proposed interim rules will be available for public inspection at that time from 8:15 a.m. to 5:00 p.m., Monday through Friday, at the State Corporation Commission, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Any person desiring to comment in writing on the proposed interim rules may do so by directing such comments on or before April 9, 1999, to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Those written comments must refer to Case No. PUE980812. Any person desiring to make a statement at the public hearing concerning the proposed interim rules need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

On or before January 15, 1999, persons desiring to participate further in these proceedings, including any utility companies sponsoring pilot programs, shall file an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth below and shall serve a copy of the same upon all parties of record and Commission Staff. The notice of participation shall include a statement setting forth the filer's interest in these proceedings. All persons filing a notice of participation shall be considered interested parties to this proceeding and shall be placed on the service list.

Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in this proceeding as an interested party also shall file, on or before April 9, 1999, an original and fifteen (15) copies of its comments

discussing its support for or opposition to the Task Force Final Report, as well as any other comments pertinent to these proceedings, and an original and fifteen (15) copies of the prepared testimony and exhibits the interested party plans to offer at the April 19, 1999, hearing, with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, referring to Case No. PUE980812, and shall simultaneously send a copy thereof to all other interested parties and Commission Staff. Any corporate entity or other entity described in Rule 4:8 that wishes to submit evidence, cross-examine witnesses or otherwise participate as a Protestant must be represented by legal counsel in accordance with the requirements of Rule 4:8 of the Commission's Rules of Practice and Procedure.

Interested parties should obtain a copy of the Commission's December 3, 1998 Order for full details of the procedural schedule established for this proceeding. Copies of this Order may be obtained from the Clerk of the Commission at the address listed below.

All written communications to the Commission, except those relating to participation on the Task Force, should be directed to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and should refer to Case No. PUE980812.

Individuals with disabilities who require an accommodation to participate in the hearing may contact the Commission at 1-800-552-7945 (voice) or 1-804-371-9026 (TDD) at least seven (7) days before the scheduled hearing date.

VIRGINIA STATE CORPORATION COMMISSION